



P.O. Box 2301
Cincinnati, OH 45201-2301

July 5, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Petition for Rulemaking to Amend Part 32 of the Commission's Rules to Eliminate
Detailed Property Records for Certain Support Assets (RM-8640)

Dear Mr. Caton:

Enclosed are an original and 9 copies of the Comments of Cincinnati Bell Telephone Company in the above referenced proceeding. Additional copies have also been provided as instructed in the Commission's Public Notice of May 10, 1995. A duplicate copy of these Comments is also provided. Please date stamp this as acknowledgment of its receipt and return it. Questions regarding these Comments may be directed to Mr. James R. Lowell at the above address or by telephone on (513) 397-7260.

Sincerely,

Peggy A. Peckham
Director - Legislative &
Regulatory Planning

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)	
)	
Petition for Rulemaking to Amend Part 32)	RM - 8640
of the Commission's Rules to Eliminate)	
Detailed Property Records for Certain)	
Support Assets)	

**COMMENTS OF
CINCINNATI BELL TELEPHONE COMPANY**

Cincinnati Bell Telephone Company ("CBT") submits these comments in response to the Commission's Public Notice, released May 10, 1995, in the above-captioned proceeding. The Public Notice seeks comment on a Petition for Rulemaking (the "Petition") filed by the United States Telephone Association ("USTA") on May 31, 1994. In the Petition, USTA asks the Commission to amend Part 32 of its rules to eliminate detailed Continuing Property Records ("CPRs") for the support assets in the following accounts:

- Account 2115 - Garage Work Equipment
- Account 2116 - Other Work Equipment
- Account 2122 - Furniture
- Account 2123 - Office Equipment
- Account 2124 - General Purpose Computers

Under USTA's proposal, the support assets identified above would instead be subject to a Vintage Amortization Level ("VAL") property record system. As set forth in the Petition, the

VAL property record system proposed by USTA would require the net book value of existing assets in each of the above-referenced accounts to be placed in a VAL group and amortized on a straight-line basis over the remaining asset life chosen from Commission-approved ranges. Under this system, assets would be removed from the carrier's books once fully amortized. Upon retirement, any salvage proceeds realized from the assets would be reflected as a decrease in the carrier's amortization expense. Conversely, any costs associated with removal of the assets would be reflected as an increase in the carrier's amortization expense.

CBT strongly supports each aspect of USTA's proposal. A VAL property record system would be just as effective at safeguarding this limited group of assets as the current CPR requirements. It also would greatly simplify recordkeeping requirements. CBT currently devotes a disproportionate amount of time and resources to maintaining detailed CPRs for the assets identified above. CBT submits that there is little value to be derived from maintaining this current level of detail, especially when the assets in question represent such a small portion of gross plant in service.¹ CBT favors removing the assets in question from the carrier's books once fully amortized. CBT also favors the proposed treatment of salvage proceeds and costs of removal. Removing fully amortized assets and allowing companies to adjust their current year amortization expenses to reflect these events is a logical extension of the simplified recordkeeping concept.

The VAL property record system proposed by USTA is a more simple and straightforward approach to recordkeeping. It would greatly simplify depreciation calculations and reduce the expenses associated with represervation proceedings. Such simplification is

¹ Such assets represent only 6% of CBT's gross plant in service.

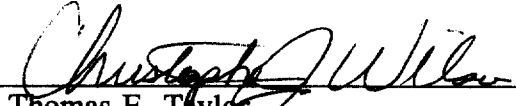
needed in an increasingly competitive telecommunications environment in which LECs have fewer resources to devote to detailed asset tracking mechanisms.

The current CPR requirements do not safeguard the assets identified above. Safeguarding of assets requires the application of internal controls and physical security measures. These controls are tested regularly by CBT's internal and external auditors. CBT sees no causal relationship between detailed CPRs and its ability to safeguard the assets in question. Accountability issues and capital efficiency measures (such as Economic Value Added) already provide an incentive for managers to monitor the existence and performance of these assets. To the extent CBT concludes that some level of asset tracking remains appropriate, particularly for "attractive" assets such as personal computers and other types of work tools, it should retain discretion as to the nature, scope and administration of any such procedures.

In summary, the objective of USTA's Petition is to simplify the recordkeeping requirements for a group of assets that represent a relatively small amount of CBT's plant in service. The ability to amortize these assets in a rational and systematic manner, make simple adjustments to amortization expense to reflect sales and disposals, and retain discretion as to the manner in which CBT will continue to monitor the existence of these assets is a better alternative. Accordingly, CBT urges the Commission to grant USTA's Petition and initiate a rulemaking proceeding on this matter on an expedited basis.

Respectfully submitted,

FROST & JACOBS

By 
Thomas E. Taylor
Christopher J. Wilson

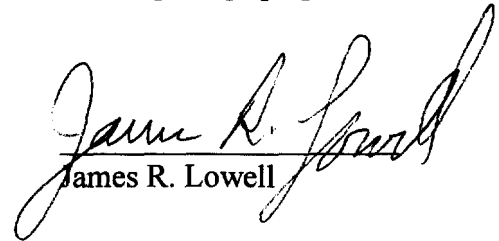
2500 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202
(513) 651-6800

Attorneys for Cincinnati Bell
Telephone Company

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the foregoing Comments of Cincinnati Bell Telephone Company have been sent by first class United States Mail, postage prepaid, on July 5, 1995 to the persons listed below.


James R. Lowell

*William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

*Debbie Weber
Federal Communications Commission
2000 L Street, N.W., Room 812
Washington, D.C. 20554

*International Transcription Service
2100 M Street, N.W., Suite 140
Washington, D.C. 20037

Mary McDermott
Vice President & General Counsel
United States Telephone Association
1401 H Street, N.W., Suite 600
Washington, D.C. 20005

* Hand delivered.